SKP Bearing Industries Limited
Previously known as : SKP Bearing Industries Pvt. Ltd. and also as SKP Bearing Industries
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Date: 20th August, 2026

To,
Listing Department,
National stock Exchange of India Limited,
Exchange Plaza, 5th Floor
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400051

Symbol: SKP, ISIN: INE0KZA01016

Dear Sir / Madam,

Subject: Submission of Transcript of the Post-Earnings Conference Call for the Quarter Ended June 30, 2026 (Q1&FY27)

In accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to NSE Circular(s) / Exchange requirements, we hereby submit the transcript of the Post-Earnings Conference Call held by the Company on Tuesday, August 18, 2026, to discuss the unaudited financial results for the Quarter ended June 30, 2026.

The details of the said Conference Call are as under:

Event	:Q1&FY27 Post-Earnings Conference Call
Date	:Tuesday, August 18, 2026
Time	:4:00 P.M. (IST)
Platform	:Kaptify Consulting – Investor Relations

The transcript is also enclosed herewith. The above transcript may be accessed by the investors and other stakeholders for their reference, and the same shall also be made available on the Company's website at https://www.skpbearings.com

Kindly take the above information on record.

Yours Faithfully
For SKP BEARING INDUSTRIES LIMITED

SHRINAND KAMLAKAR PALSHIKAR
Digitally signed by SHRINAND KAMLAKAR PALSHIKAR
Date: 2026.08.20 17:11:01 +05'30'

SHRINAND KAMLAKAR PALSHIKAR
MANAGING DIRECTOR
DIN: 08992832

SKP Bearing Industries Limited

Q1 FY27

POST EARNINGS CONFERENCE CALL

August 18, 2026 4.00 PM IST

Management Team

Mr. Shrinand Palshikar - Chairman and Managing Director

Shripada Patil - Chief Financial Officer

Call Coordinator

KAPTIFY

Strategy & Investor Relations Consulting

Presentation

Moderator: Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q1 FY27 Post Earnings Conference Call of SKP Bearings Industries Limited. Today on the call from the management, we have with us Mr. Shrinand Palshikar, Chairman and Managing Director, along with his management team.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also, a reminder that this call is being recorded. I will now request the management team to briefly run us through the investor presentation for the period ended June 2026, the growth perspective and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Shripada Patil: Thank you, Kaptify. Firstly, a very good evening to everyone present here. I am Shripada Patil, CFO of SKP Bearings Industries Limited. We have gathered here today for the Q1 FY27 earnings call. With your permission, I would like to start. Next slide, please.

As you must have seen from the results which we have declared, when we compare Q1 FY26 to Q1 FY27, we are seeing a year-on-year growth in operations, EBITDA, earning before interest tax as well as PAT. So, we are seeing a growth from quarter-to-quarter comparison.

Next slide. Brief on this slide, as you know previously, SKP is already supplying to industries, to companies supplying in the defence and aerospace sector. So, in this quarter we are seeing a positive flow in this sector as well as the segment has seen improvement and we are having approval process in one of these major entities.

Next, please. For the manufacturing business, this year we have sorted it in manufacturing and renewable. As per the feedback in the last call, investors wanted to understand how the manufacturing business is progressing. So, this is where we have shown a focus over here, where the installed capacity of ball, we can see at 2000 tons per annum, their utilization of 17% is achieved, whereas, in roller plant last quarter, that is the Q4 of FY26 and we have had a capacity addition in quarter 1. So, you can see there is a marginal increase in the annualized installed capacity of Q1 FY27. And this is further deemed to increase in this coming quarter with the installation of various other machines.

With the installation of additional capacity, our utilization remains the same. So, as you can see, our additional capacity is already being booked by existing customers and the customers which were in the pipeline. And as you may see that if you consider our segment analysis, so ROCE of core Indian manufacturing stands at approximately 40% to 50%. Renewable energy is a standalone segment as it is running from past many years.

Next slide, please. Our funds operation, the strategies are playing out well. We are seeing a quarter-to-quarter increase of customers in a marginal way, not in a substantial way. Even the SOPs of major clients which have increased remain the same. As we know, France works in the calendar year. So, whatever change in projections for France entity is expected in Q3 of FY27.

Next, please. Our standalone income statement, this is a quarter-to-quarter comparison. As we compare Q1 FY26 and quarter 1 FY27, this gives us a better picture because it minimizes the seasonal fluctuations. And as we can see on a quarter-to-quarter basis, we are having improvement in the top line as well as in profit before tax. But you can see the interest has increased because of the borrowing as well as there are one-time financial costs which took place in this quarter because of which we are seeing a drop in the PAT margin.

Next, please. On a consolidated level, we are seeing a slight drop in the EBITDA margin that is again because of the total expenditure. France entity, everything is similar as before. Regarding the revenue breakdown, we can see the Q1. As we have explained time and again that in SKP is focusing on export and global companies. So, with that playing out well, even despite our top line increasing, we are seeing that 5% of our revenue is still contributing to export. So, we can see that export contribution has started increasing and it is expected to increase still further in this coming quarters. The FY26 industrial revenue contribution remains approximately same as this is annualized contribution.

Next, please. Next. This is a brief for those who are new to our company. SKP is a bearing, not a bearing, bearing component manufacturer, rollers, primarily needles, cylindricals, steel balls and special purpose pins. We started in the year 1991 as a partnership concern. Over the years, we had expanded into different segments as well as in renewable. In 2022, we became listed on NSE SME, '24 we acquired the France plant.

And just the next for the France, please. Next slide, please, Kaptify. Our board of directors, there are primarily four, Mr. Shrinand Palshikar, Sangeeta Palshikar, Kishore Parikh and Gautam, sorry, Rajeev Lokare and Gautam Ganguli.

Our manufacturing plants, we have total of four plants. One plant which is from where SKP started, there is now, it is machine building and developments. Plant 2 is the current plant, the head office. Plant 3 dedicated for ball manufacturing. Plant 4 is in France.

Next, please. So, with this, I would like to open. I would like to ask our MD sir, if they want to give some feedback. Post their discussion, we will open the call for question and answer.

Shrinand Palshikar: Good afternoon, everyone. Thanks for joining our earning call. As usual, though we are not compelled to do these earnings calls as well as the quarterly reporting, we are voluntarily doing to maintain our transparency and explain to our investors how the things are going. So, we are look at the overall scenario. As SKP, we are doing good, not good, very good. Of course, results are little fluctuating because of many situations. But we are very confident that the future time it is going to do very good. And we have good opportunities, we are adding good number of customers, also very potential customers. First time, it is the global customers what we are adding.

From India, we will be in a position to supply to China, maybe Japan, Korea, already other sites, global other sites, already business has started. That is why you see all the increases are there. Also there are potential to add another few more customers, which are in pipeline. They are testing and validation because these are very large clients. So, their process on on-boarding is ongoing. Anytime we can have good news and the process of on-boarding will be completed and the business will be transformed into revenue. So these are the good things for the future.

We have our global issues, like we had a big issue starting March from February end, when the war started. So the fluctuations in all costs, supply chain disruptions, many, many issues were prevalent. But because of these, many customers are also getting affected. Also, the supply lines are getting affected. But with all these things, we are doing good and for future we see a very good potential for SKP. So, this is all from my side.

Moderator: Thank you. Thank you, sir. We'll now begin the question and answer session. [Operator Instructions]. We'll take the first question from Nikita Jain. Please go ahead.

Nikita Jain: Hello, sir. Thank you for the opportunity. I wanted to understand can management provide any directional indication of numbers of active customers today versus at the time of acquisition or the extent of revenue recovery from pre-acquisition level?

Shripada Patil: For SKP France?

Shrinand Palshikar: SKP France?

Nikita Jain: Yes, ma'am.

Shripada Patil: So, basically, pre-acquisition level, if we consider at 100%, so post-acquisition due to the change of entity and the regulation requirement, we had dropped to approximately 5% to 10%. And now we are at approximately 40% to 50%. But the SOPs are less. So, we are expecting the SOPs to revise year-on-year.

Nikita Jain: Okay. I also wanted to know what gives management confidence in the continued recovery of France business. Are existing customers increasing their share of business or is the growth primarily coming from new customer additions?

Shripada Patil: It's both actually. Usually in European and American countries, it works that they plan their entire year and the entire scheduling at one time itself. So usually as per our in September to December, this is when the planning happens. So, whatever SOP is decided during that portion that continues for the next entire year. So as of now, we are having approximately a marginal, like approximately 10% to 20%, 30% in various customers. So, this is SOP is expected to change in quarter 3, in September to December.

So, this is what is giving us a positive look for the top line improvement. The bottom line is covered to the best of our ability as of now. So, bottom line we have optimized over the past two years, we have optimized the bottom line. And at the same time, the top line is increasing, but it's increasing marginally. Because we are seeing a projection that is what is keeping us confident.

Nikita Jain: Okay. Thank you so much.

Moderator: Thank you. We'll take the next question from Harleen Kaur. Please go ahead.

Harleen Kaur: Hello, am I audible?

Shripada Patil: Yes ma'am, you are audible. Please continue.

Harleen Kaur: Thank you for the opportunity. I have few questions. First is ball plant utilization remained at around 17% in the Q1 FY27 compared with the earlier expectation of reaching 50% to 60% utilization. What are the key factors behind the slower ramp up and what is the current timeline for a meaningful improvement in the utilization?

Shripada Patil: Actually, we had seen an improvement in the month 3 of quarter 1. But because that is only one portion of the two months, so the average was pulled down. In the quarter 2, we are expecting a better utilization compared to 17%. So we'll be lying somewhere between 17% and 50% as per the projection.

Harleen Kaur: Okay, ma'am. My second question is how many customers are currently at the qualification or sample stage versus regular commercial production in the ball business? And what is the typical time required to move from the qualification to meaningful recurring volumes?

Shripada Patil: How many in a sense you mean in the number of customers?

Harleen Kaur: Yes, ma'am.

Shripada Patil: Okay. So basically, we are having approximately 4 to 5 customers who are in the sampling stages. And the others are basically somewhere between deciding whether they want to start with SKP or not. So, commercials are clear, but they are not taking the decision to ship from China or not or ship from existing source. So, 5 to 6, we are already in the sampling stage. And there is a portion of which the SOP is lesser. So, that SOP is also increased in this quarter. So, which results will show in the coming quarter. I hope that clarifies your question, ma'am.

Harleen Kaur: Yes. My one -- I have a few more questions. At 50% to 60% utilization, what kind of revenue and profitability contribution can the ball business potentially make? And how should investors think about the operating leverage from the existing capacity?

Shripada Patil: Regarding the revenue, I think we can just do a cross multiplication. If 17% is doing this much, so 20%, 30%, 40%, 50% will come.

Shrinand Palshikar: I will answer that particular question. See, it also largely depends on the product mix. So what type of product mix, what type of the raw material, which customers, what we are targeting right now, we are targeting a balance of around 30% of capacity right now targeting with few customers. The revenue with 50% utilization, we can expect something closer to INR 30 crores annual revenue.

Harleen Kaur: Okay, sir. Thank you, sir. Sir, my, I have few more questions. What, at what utilization level does the consolidated EBITDA margin structurally cross 20%?

Shrinand Palshikar: Can you repeat the question?

Harleen Kaur: Yes, sir. At what utilization level does the consolidated EBITDA margin structurally cross 20%?

Shrinand Palshikar: It is a very complex because you have clubbed two different continent. So, two entities you have clubbed, they are both case scenarios are little different. But you want -- you are targeting EBITDA margin of 20%. If I read it correctly?

Moderator: I think she is trying to understand when do we reach 20% EBITDA margin at consolidated level.

Shrinand Palshikar: At consolidated level, that is the thing because it is a France, also India. If you take India alone, we know the numbers. For the France, we are already in the-- but give us some time, we will calculate and tell you this particular question. Shripada, ask someone to do a maths and just let us know.

Shripada Patil: Yeah, we will calculate and give.

Harleen Kaur: Okay. Thank you so much, sir, for answering my question.

Moderator: Thank you. We will take the next question from Rudraksh Raheja. Please go ahead.

Rudraksh Raheja: Yeah, good afternoon, team. Thank you so much for the opportunity, sir. Sir you mentioned this ball plant at 50% capacity utilization, we can get around INR30 crores of revenues. So for this year, sir, despite a slow Q1, are we on track to get to that target of INR30 crores? Can we recover that in next three quarters?

Shrinand Palshikar: What our customer targets what we are keeping right now, we achieve this, we achieve this particular customer targets. Already our samples are through commercials are through, with some customers. With some customers, we are in phases of validation and all this. Commercial more or less settled with everyone. Once it is through it, the process may take one month to three months time. If this process is through within say, how fast the customer -- also it depends on customer also. So suppose we consider from our angle, the customer does it quickly, as per the need base. In one quarter, suppose all validation process will start, I think next quarter, we can have a better utilization, start seeing better utilization.

It cannot be all of a sudden, say 17% or 20% to 50%. But you can see month to month improvements. But quarterly it may have a better situation.

Shripada Patil: Basically, Rudraksh sir, because quarter one and quarter two is already halfway down. So 30% in this year. But quarter three, quarter four, that is the approximate projections.

Rudraksh Raheja: Got it. So maybe 30% to 40% would be better estimate for what we could achieve in the ball plants for the whole year.

Shrinand Palshikar: Correct, correct. Maybe better also, maybe better how fast the customer, how responsive also the how the situation for the China situation comes, because some customers are major importers from China. For them, it is like just shifting, but it is not taking place.

Rudraksh Raheja: Understood, understood. And sir, on the France business, are we on track to achieve break even this year? Is that process going?

Shrinand Palshikar: It may not be possible in this next one or two quarters. Maybe at the end of the year, maybe it will be possible. It is just a boundary line now.

Rudraksh Raheja: Got it. And sir, for that business, we were in talks with some top customers that we lost at the time of acquisition, you said we were still in touch with them. Sir any updates on that front?

Shrinand Palshikar: Yes, yes. They already requested samples. Now sample submission phase is already going on commercial sector. So now sample submission and validation, the process could be quick also. Again, customer needs, but if we take from our angle, we plan to submit sample during this particular month. Once we submit the samples, if the customer validated quickly and approve it, maybe the SOE will start this quarter itself.

Rudraksh Raheja: Got it, got it. So maybe not this quarter, but we should see some rampant from at least from next quarter onwards.

Shrinand Palshikar: Actually, this was our customer already there, one of the top four customers, top five customers previously. So they already have validated the site, everything. It's just they need a new thought process or new things, new designs. In Europe, the designs also changes over a period of time. So they want to validate with all new thing, new company, new products. That's okay. So onboarding is quick also. So it's not like, but from our point of view, I think in this particular year, we should do a break even.

Rudraksh Raheja: Understood, sir. Thank you so much.

Moderator: Thank you. All those who wish to ask a question, please use the option of raise hand. We'll take the next question from Rakesh Mehta. Please go ahead.

Rakesh Mehta: Thank you for the opportunity, sir. I have a couple of questions around the growth opportunity and customer diversification. So management had earlier highlighted a customer opportunity with potential revenue of approximately INR 100 crore by FY30 across the customer global facilities. So how has this opportunity progressed and what is the current visibility on order conversion and revenue ramp up?

Shrinand Palshikar: Shripada, you reply. You are mute.

Moderator: You are on mute, Shripada.

Shripada Patil: I'm sorry, sir. Can you please repeat the question?

Rakesh Mehta: Okay, so management had earlier highlighted a customer opportunity with potential revenue of approximately INR100 crore. So around FY30 across the customer global facility. How has the opportunity progressed and what is the current visibility of order conversion?

Shripada Patil: Yeah, it's going on well actually. The customer has acquired, we have received letter of nominations from approximately three to four sites for the Indian entity, others for the French entity. And the business has also started for these entities. The result you can see in the export percentage increase in our domestic revenue. And that is expected to increase further in the coming months.

Shrinand Palshikar: Rakesh ji, the site means it could be country or maybe multiple factories, one country.

Shripada Patil: Basically, it's like a big, big business, big, what do you say, entity, like there is a one major group. And then that group has multiple small, small, small, small companies in different locations. It might be having three, four companies in one country itself, that way. So one factory is called as one site.

Shrinand Palshikar: And the size of the site could be 2,000 people, 3,000 people.

Rakesh Mehta: Okay, so are the current growth opportunity primarily coming from increasing wallet share with existing customer or SKP seeing a meaningful contribution from new customer additions?

Shripada Patil: Both, both actually, we are seeing a little bit of dip in quarter one for orders from a certain category of automotives. But as you can see, our overall industry distribution is very stable. So we have any one industry does not have much impact. So other domestic markets are stable. And we are seeing slight increase in other markets as well. So usually turns out that when the automotive is down, the market goes up.

Or if the market is down, the automotive goes up. These sort of things are happening. So balancing out, we are seeing organic growth in the current existing customers as well as new customers. Both are contributing.

Rakesh Mehta: I have one last question. So how has the customer mix evolved over the last few years? And is management seeing increasing diversification across customers, geography and end use applications?

Shripada Patil: Yes. As you can see that majorly we were having Indian automotives. So now we have started adding export business and export OEMs and automotives. So diversifying that sector as well. And Indian automotive sector and other countries of global automotive sector works maybe a bit different, not same. So that's a different diversification for our portfolio. Yes.

Rakesh Mehta: Thank you. And that's awesome.

Shripada Patil: Thank you.

Moderator: Thank you. We'll take the next question from Harleen Kaur. Please go ahead.

Harleen Kaur: Hello. Am I audible?

Shripada Patil: Yes, Harleen.

Harleen Kaur: I wanted to know, SKP simultaneously investing in capacity, France and other growth initiatives. Can you give us the expected FY27 and FY28 CapEx and the corresponding incremental revenue and EBITDA expected from that particular CapEx, if it is possible to share?

Shripada Patil: So whatever major majority CapEx which had to be done is already done. Whatever is happening now, it's normal. It's nothing like only for plant 2, we are having some projects which are still ongoing. That will show in this quarter. Besides that, whatever CapEx is, there is normal expansion. So generally how it is, we do de-bottlenecking, we do some investments in R&D, we do some investments in machines, de-bottlenecking occurs, capacity is utilized. So, this is normal CapEx, nothing substantial to disclose. And it's not like that is going to make any difference in the expense side or any other side.

Shrinand Palshikar: Some of the investments, capital investments could be customer need-based, like customer may require some particular testing or specific requirement. And that specific requirement could be linked to their projected volumes. So, this is normal. So, normal CapEx. But we do always CapEx on year-to-year basis. So, it is always investment in R&D, new machineries, upgradation, quality upgradation. So, normal CapEx is always there. But bigger is already over.

Harleen Kaur: Okay, sir. Sir, does the France subsidiary require any further meaningful capital infusion from the parent over FY27 or '28?

Shrinand Palshikar: It will be, support will be still required because till that time you don't do a break-even, you need to inject cash. Now, whatever you must have seen that the losses which were there, now it is reduced a lot. And you need to pay, you need to be very compliant to the law requirements, taxes, social contribution. So you need to be compliant. So, there will be some investments will be needed, number one. Number two, we have some customers requirements, new customers requirement, which for future it is very potential to add these customers. So it is in thought process. We are still not finalized these particular investments.

But once we have a customer clear understanding of like some sort of a MOM and if it is need-based, probably we may have to expand or invest in those particular new requirements, new machineries or not. It is very customer requirement based.

Harleen Kaur: So sir, how much and what return do you expect on that capital?

Shrinand Palshikar: Currently, we are discussing with this. We are not still finalized. Once we finalize, probably we can finalize the amount of investment needed.

Shripada Patil: And Harleen, there were these two questions which you were asking. First, in the current question on return on capital employed, as you can see in one of the slides, with the help of Kaptify, we have put in this figure. So, you can see our return on capital expenditures approximately 40% to 60%. And for the France entity, the returns are usually much higher. But because the entity is currently loss-making, we do not see that effect directly in the balance sheet. This comes to your second question, which you were asking at what top line are we expecting profit before tax of 20%. So, as per the calculation, it is coming approximately INR 150 cr. to INR 160 cr. So, that is our approximate calculation. And we are hoping to achieve that in the coming years. I hope the questions are clear.

Harleen Kaur: Thank you so much, ma'am.

Shripada Patil: Thank you.

Moderator: Thank you. Sir and ma'am, we have one question in the chat. If a global bearing manufacturer can source the same rolling element from China at a lower manufacturing cost, what specifically prevents them from doing so?

Shripada Patil: For global manufacturers, China is not necessarily cheaper. India and China are at a similar level, maybe marginal difference, maybe 2%, 3%, but not majorly.

Shrinand Palshikar: You have to have an apple to apple comparison. Same quality level, same raw materials level, same everything. And then we are at the same, probably we are even cheaper.

Shripada Patil: Funny part is in certain cases, SKP France is cheaper than SKP India or China.

Moderator: Okay.

Shripada Patil: It's a very dicey question.

Moderator: Right. So, he's asking further that can you quantify where does SKP's quality delivery time customization and customer approval stand vis-à-vis Chinese?

Shripada Patil: For which entity?

Moderator: For all the -- where does our approval stand and the approval process we have?

Shrinand Palshikar: It's overall approach and we can clarify one thing. When a customer has got two options, India and China. Or maybe SKP and another Chinese manufacturer. I'll give you a very live example. We were supplying to this particular global customer and before SKP, there was another Chinese supplier. And the buyers were so much in problems. They had many issues, many, many, many issues. Just not the quality, many issues. So, they were tired. And when they came to know that we are in the same domain and available, so immediately it was a shift. So, it's very easy for the product, what we are making, all the products, whatever we are making.

If we compare apple to apple comparison, you cannot do a lower grade or inferior product comparison with a higher level. I'm not talking of SKP, but I'm talking of an overall. You cannot compare an inferior category product with a higher category product. You need to have apple to apple comparison. We are much better because we are more transparent, number one. We are more customer friendly. Our QCD means quality delivery and the approach attitude is much better. And we are more customer friendly. So the customers like Indian style companies, maybe India, maybe France.

Moderator: Thank you. Thank you, sir. He further asked, does your INR110 crore target for standalone business will hold or do you think we can get there earlier?

Shripada Patil: It's a bit difficult to get earlier, but if market plays out well, it can happen earlier. But those are ifs and buts. The INR110 crore target is as per our projections and as per the current demand and visibility which we are seeing.

Moderator: Okay. Thank you. We'll take the follow up question from Nikita Jain. Please go ahead.

Nikita Jain: Hi, sir. I just had one follow-up question. What profitability can be expected in France once the business crosses breakeven and utilization improves?

Shrinand Palshikar: Very difficult question to answer. Very, very difficult question to answer. But the cost of compliance is extremely high in France, extremely high cost of compliances. So, first thing is our focus is very clear that we have to first do a turnaround. No, no losses, nothing. Let us do that. Then we focus on the next target. See, it's very simple. We have done an investment. We are there to do business. We are there to deliver to the customer. So first we need to understand the local style functioning, what we did in past one year, two years period to understand the customers to do the business, understand people. All these things have been done now. We are at much matured level than what when we did an acquisition. So, our first focus is very clear, do a turnaround. Let us have a profitability level, something very little. Then we focus on a better product margin. Margins are good, no problem for the margins. You need to be cost efficient. So, first focus is turnaround. Next is a profitability level.

So, I am not focusing right now on what profitability level we will be operating. But we have many projects in hand. Let us do a turnaround first and then focus on this particular aspect.

Nikita Jain: Thank you, sir.

Moderator: Thank you. We will take the follow up from Mr. Rakesh.

Rakesh Mehta: So, what is the EBITDA per kg or EBITDA per ton difference between your standard ball products and your specialized products?

Shrinand Palshikar: Need to again repeat the question.

Moderator: Sir, he is asking the EBITDA per ton or EBITDA per kg for your standard and specialized products.

Shripada Patil: Generally, I'd like to answer this question in a general manner because a lot of products and mixes are happening. So, as per my study, when niche products come or when we are supplying niche products where more R&D is involved, so there we are holding a margin that is a profit margin of 50% to 60%, where it is standard part but complex. So, where there are more manufacturing processes, more testing requirement, criticality of application, in those cases we expect between 30% to 45%.

And the standard market product where quality requirement is very low, when the manufacturing processes are also very less and the risk is very less, in those cases we expect a 15% to 20%, 10% to 20%.

Rakesh Mehta: So, are you actually getting nominated into new customers or are we seeing incremental spot or volume requirement to SKP?

Shripada Patil: Your question is unclear. Can you please repeat?

Moderator: Rakesh, if you can just make your voice a little louder.

Rakesh Mehta: So, are you actually getting nominated into new customers or are we seeing incremental volume requirements to SKP?

Shripada Patil: I think I've answered this question earlier as well. We are seeing both. We are having new customers as well as new SOPs and current customers as well as schedule increase of existing parts.

Rakesh Mehta: Okay, ma'am. Thank you.

Moderator: Thank you. We'll take the next question from Jignesh V. Please go ahead.

Jignesh V: Yeah. Sir, I joined a bit late. So, to understand the new slide about defence, it would be a very small out of the total revenues in next couple of years, right? Because it's a very specialized and niche product. So how are we planning to scale it up?

Shripada Patil: As of now, we are just focusing on our leverage. So, whatever SKP strengths are, we are partnering up with the tier one and giving specialized products in these sectors. As you see in our industry backup, defence contributes to, I think, less than 1%. And that percentage, I think will continue because our top line is increasing.

Jignesh V: Right. And going forward, since now the France will stabilize maybe in three to four quarters. So, apart from the Chinese competition, what kind of challenges that we see? Any slowdown in sectors that you are seeing that can impact our INR110 crores domestic business?

Shripada Patil: Oh, yeah. I mean, sorry, you're asking for domestic or for France?

Jignesh V: For domestic business, what kind of challenges apart from the Chinese competition can we see?

Shripada Patil: Recession?

Jignesh V: Any slowdown in the -- yeah.

Shripada Patil: Global slowdown? That is one risk.

Shrinand Palshikar: Geopolitical issues are a big problem, Jignesh. So, what happens when you have a war-like situation, when you have a difficult situation where instability is there? In last quarter, the prices of crude fluctuated. Now because of prices of crude fluctuated, what happened? All lubricants, inputs, all variation took place. So this happens over a period of time. So, these are global challenges. So, we have to live with that. It can happen anytime and you need to be flexible and adjust yourself.

Jignesh V: Right. Okay. Thank you.

Moderator: Thank you. Anybody who wishes to ask a question, please use the option of raise hand. We'll take the next question from Rohit Balakrishnan. Please go ahead.

Rohit Balakrishnan: Yeah. Good evening, sir. Ma'am, so you mentioned in your opening presentation that there was some one-off cost there were in this quarter. So can you maybe quantify that? How much was that?

Shrinand Palshikar: For India or for France?

Shripada Patil: France quarter one, finance cost.

Shrinand Palshikar: For the France, you mean to say?

Rohit Balakrishnan: No, sir. I think there was some one-off non-recurring cost that we mentioned that because of that the margins went down.

Shrinand Palshikar: Yeah, that is a financial cost. Because we are doing some loan restructuring, because we wanted some better loans or better products for financial products for SKP France. So, for that, we are doing changes in the banking system. For that, some financial costs are involved. So this is like one time processing cost or mortgage and processing cost. So, that was the cost, financial cost. That is why you see there is a large difference between two quarters.

Rohit Balakrishnan: Okay. Okay. And, sir, in terms of the QCO that one was expecting on the ball side, anything that you can share broadly, where are we? You mentioned that we've got some customers or the commercials also signed, but we've not yet got the SOP. So is it like, I mean, is it predicated on the fact that this QCO will happen and then or, I mean, if you can share whatever your conversations, whatever you can share?

Shrinand Palshikar: It's the same thing. I think they are just doing a wait and watch. If the QCO is implemented, they will, they have an option. Once it is implemented, no option. And it's complex. QCO is purely government and WTO, many hurdles, still not clear. Still, it is pending with government implementation. But currently, what we are offering to our customers is the same level. We are not talking of higher costs, higher prices or anything. We are just matching the prices and giving solutions to the customer. It's very simple. We are not asking for any premium or anything. We are giving same cost, maybe even better cost level than they are currently buying. So his question is not commercials. It's a question of commitment, how and how much they have to ship to Indian suppliers.

Rohit Balakrishnan: So, even if you're giving better pricing, I mean, in your assessment, what is stopping them? Is it purely like inertia or what is it?

Shripada Patil: Everyone's like the other way. If there are four people, they will ask that who has bought from you. In that case, we will buy. So, everyone is waiting for the other one to start, that way.

Rohit Balakrishnan: Okay, got it. And this last question, like I understand that in a roller business, we -- our customers are mostly non-bearing companies, mostly they are tier one companies, whereas in ball, we will largely sell to the bearing companies as a --

Shrinand Palshikar: Both. It's both. It's just not bearing. It's both.

Rohit Balakrishnan: Okay. So, in tier one, so, I mean, in terms of the number of people who approved you commercially, would you be able to just give a broad sense how much would be bearing companies number of customers or as a percentage overall, if let's say five have given four are in bearing, one is tier one.

Shrinand Palshikar: I mean, just business, whatever we are doing, bearing companies will be 10% to 15%, around 80%, 85%, around 85% are non-bearing company, automotive.

Rohit Balakrishnan: Currently. Let's say when these customers start approving, I mean, when they start the commercials, will this percentage substantially change? So, let's say one, two years ends, this 85-15?

Shrinand Palshikar: Currently, we are discussing with bearing companies, automotive also, but bearing also, yes, the ratio may change, maybe 50-50.

Rohit Balakrishnan: Okay. Got it. And last question was on the -- so, two questions, actually. So, one was on export. Ma'am, you mentioned that export is growing. So, let's say two, three years out, would you have a sense what percentage of revenue could be exports at a consolidated level?

Shripada Patil: My overall expectation was to increase at least in the coming two to three years to increase the export percentage to one of the top five sectors. So if my one sector is 20%, so approximately that much was the target. This year, we are targeting between 5% to 10%. Next year, furthermore. And after that, furthermore, that way. But it's going to be organic. And all of a sudden, in our industry, nothing happens all of a sudden. So slowly, slowly, it increases. Like you've seen in the past four quarters, you're seeing slow increase that way. Same way.

Rohit Balakrishnan: And sir, last question on France. So, just taking from what you mentioned in one of the answers. So, you're expecting that probably we'll exit Q4 of this year as breakeven. Is that understanding right?

Shrinand Palshikar: Correct. Correct.

Shripada Patil: That's the probability, yes.

Rohit Balakrishnan: And what is giving you that confidence? I mean, I think you've mentioned --

Shrinand Palshikar: First of all, onboarding. Secondly, the volumes. Because some of the customers have already promised when they started business, they told us that you perform. And if you perform, no quality complaints, good deliveries. Pricing is already done. No changes, no fluctuations. We'll increase your SOB.

Shripada Patil: Share of business revisions are expected. That is what is giving us the --

Shrinand Palshikar: So, new customer addition and increase SOB. These two are the positive. Already customers have already confirmed to us this particular thing in the past.

Rohit Balakrishnan: Okay. Okay. Got it. Thank you, sir. Thank you very much.

Moderator: Thank you. Anybody who wishes to ask a question, please use the option of raise hand. Sir, since there are no further questions, would you like to give any closing comments?

Shrinand Palshikar: First is thanks to all investors and those who joined our call. And we have tried to be more transparent. We are trying to improve all our presentations and transparencies. Some questions, even if some remain unanswered, they are free to contact us through Kaptify also and directly also. Probably Kaptify is planning to organize one particular event at the end of the month, probably in Mumbai. So, maybe if some investors would like to join over there, also welcome.

Thirdly, about the progress of SKP, we are constantly improving. You must have seen the capacities. Those who are joining our earnings calls since one year, one and a half year, two years back, you must have seen the capacities, which was 100 tons, 80 to 100 tons now, slowly over a period of time now the presentation, what you can see is around 1,800 tons. And we are still operating at around 80% capacity level utilization. So, this is a good sign. We are getting good customers. Outlook for SKP for the India entity is extremely good. Even for balls, we have a good customer's feedback.

Yes, it is taking time because we have many challenges, but we are on a positive side. I am very positive on that particular thing. I hope that this year we will be in a position to improve the performance drastically.

Moderator: Thank you, sir. I think there is one question. Ishan, you want to ask a question? Okay. There is a request to all the participants that there is a polls and quizzes box. If you can just put your feedback in that polls and quizzes box. Yeah. So, this is the quiz. You can just answer this quiz. And Shripada ma'am, I would like yours also closing remarks.

Shripada Patil: Okay. Thank you, Kaptify for the wonderful call. Thank you, all the investors who have been with SKP. Also, you are having your repeated trust in SKP since our IPO. So we came out with the IPO in 2022. Now, it's been four years since. But we can see that SKP is growing at a rate which we had never seen. There are a few downs. If we take on any big challenge, there's always going to be hurdles ahead. But the future looks very promising. The projections look very promising. Overall, for our country, India is now in a growing stage, not just domestically, even globally.

Everyone on a global level is looking at India as a potential player in their supply chain. And we are looking to leverage that to our advantage. Thank you.

Moderator: Thank you. Thank you, Shrinand sir. And thank you, Shripada ma'am. And thank you to all the participants for joining on this call. This brings us to the end of this conference call. Thank you.

Shrinand Palshikar: Thank you, everyone.